

Message Text

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PAGE 01 LOUREN 00389 121418Z

12

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 IO-10 SCCT-01 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 SAJ-01 SAM-01 /076 W

----- 116430

R 111505Z APR 75

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 3416

INFO AMEMBASSY BLANTYRE

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMCONSUL LUANDA

AMEMBASSY LUSAKA

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

USMISSION USUN

CINCLANT FOR POLAD

CINCEUR

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN, ECON, MILIT, M, PO

SUBJECT: NEGOTIATIONS BETWEEN PORTUGAL AND FRELIMO -
CRUCIAL STATE

1. THIRD PHASE OF COMPLEX NEGOTIATIONS ON FUTURE ECONOMIC,
FINANCIAL AND COMMERCIAL RELATIONS BETWEEN PORTUGAL AND
INDEPENDENT (JUNE 25) MOZAMBIQUE BEING CONDUCTED IN LOURENCO
MARQUES APRIL 9-13. FRELIMO DELEGATION LED BY JOAQUIM DE
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PAGE 02 LOUREN 00389 121418Z

CARVALHO, MEMBER OF FRELIMO'S EXECUTIVE COMMITTEE IN CHARGE

OF PRODUCTION AND COMMERCE. NEW MEMBERS OF FRELIMO DELEGATION ADDED SINCE SECOND PHASE OF TALKS ARE: JACINTO VELOSO, MEMBER OF MIXED MILITARY COMMISSION, AND SALOMAO MUNGUAMBE, NEW SECRETARY OF STATE FOR FINANCE. LEADER OF PORTUGUESE DELEGATION IS DR. JORGE SAMPAIO, SECRETARY OF STATE FOR EXTERNAL CO-OPERATION. IN ADDITION TO PORTUGUESE SECRETARY GENERAL IN MOZAMBIQUE, MARIO DE AGUIAR, PORTUGUESE DELEGATION INCLUDES REPRESENTATIVES OF THE MINISTRIES OF FOREIGN AFFAIRS, FINANCE, INTER-TERRITORIAL COORDINATION, EDUCATION AND CULTURE AS WELL AS OF THE BANCO NACIONAL ULTRAMARINO, OF THE SPECIAL GROUP FOR CABORA BASSA, OF THE PLANNING GROUP OF THE ZAMBEZE RIVER DEVELOPMENT PLAN AND OF THE DIRECTORATE GENERAL OF CIVIL AERONAUTICS.

2. MAJOR SUBJECTS BEING DISCUSSED ARE: (A) BANKING (TRANSFER TO MOZAMBIQUE OF THE LOCAL DEPARTMENT OF THE BNU WHICH WILL CONSTITUTE MOZAMBIQUE'S NEW CENTRAL BANK; TRANSFER OF THE LOCAL DEPARTMENT OF THE BANCO DE FOMENTO NACIONAL TO MOZAMBIQUE, WHICH WILL CONSTITUTE MOZAMBIQUE'S NEW DEVELOPMENT BANK; THE FINANCIAL STATUS IN MOZAMBIQUE OF THE SOCIEDADE FINANCEIRA PORTUGUESA WHICH IS A DEVELOPMENT FINANCING CORPORATION CONTROLLED BY THE PORTUGUESE DEVELOPMENT BANK AND PRIVATE PORTUGUESE FINANCIERS; AND THE EFFECTS HERE OF THE NATIONALIZATION OF PORTUGUESE BANKS AND INSURANCE COMPANIES WITH BRANCHES IN MOZAMBIQUE. (B) BALANCE OF PAYMENTS AND CLEARING ARRANGEMENTS (THESE INCLUDE THE VITAL QUESTION OF MOZAMBIQUE'S ACCUMULATED DEBT CARRIED AS AN OUTSTANDING OBLIGATION IN THE "FUNDO CAMBIAL" BY THE BANK OF PORTUGAL. (C) PRIVATE PROPERTY AND OWNERSHIP OF PUBLIC ENTITIES (INCLUDING JURIDICAL AND CIVIL RIGHTS OF PORTUGUESE CITIZENS REMAINING IN MOZAMBIQUE; DOUBLE TAXATION; REGULATION OF COMMERCE; SECURITY OF PERSONS AND GOODS; AIR TRANSPORT AND THE STATUS OF TAP AND DETA; MARITIME TRANSPORT AND THE STATUS OF THE COMPANHIA COLONIAL DE NAVEGACAO; TELECOMMUNICATIONS AND THE STATUS OF RADIO MARCONI OF MOZAMBIQUE AND THE NEWLY CONSTRUCTED EARTH SATELLITE STATION; AND INDUSTRIAL PROPERTY OWNED BY PORTUGUESE. (D) CABORA BASSA HYDROELECTRIC PROJECT AND RELATED FOREIGN LENDING; TRANSFER TO MOZAMBIQUE OF THE COMMISSION FOR THE ZAMBEZE RIVER DEVELOPMENT PLAN; AND THE LOCAL CHARTERING OF THE HYDROELECTRIC SOCIETY OF THE REVUE (NEAR VILA PEREIRA), LIMITED OFFICIAL USE

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PAGE 03 LOUREN 00389 121418Z

SUPPLYING POWER PRINCIPALLY TO UMTALI, RHODESIA) AND OF SONEFE, LOURENCO MARQUES' ELECTRIC POWER STATION.

3. COMMENT: WHILE WE HAVE NOT YET HAD AN OPPORTUNITY TO TALK WITH MEMBERS OF THE FRELIMO DELEGATION WHOM WE KNOW, THERE ARE HINTS OF THINGS TO COME IN THE PRESS ACCOUNTS OF NEGOTIATIONS AND IN THE PUBLIC REMARKS OF FOREIGN MINISTER MELO ANTUNES WHILE HE WAS IN DAR ES SALAAM. SPECIFICALLY,

ON THE BALANCE OF PAYMENTS SIDE, MELO ANTUNES STATED THT
MOZAMBIQUE OWED NOTHING TO PORTUGAL. IT APPEARS THAT THE
PORTUGUESE ARE ATTEMPTING TO ARRIVE AT SOME FORMULA WHEREBY
THEY WOULD (GRADUALLY?) WRITE OFF THE ENTIRE ACCUMULATED
DEBT OWED BY MOZAMBIQUE. ON CABORA BASSA, LOCAL PRESS CARRIED
ANI DISPATCH FROM LISBON QUOTING SAMPAIO AS SAYING: "WE ARE
GOING TO SEEK A FORMULA FOR THE PAYMENT FOR THE CONSTRUCTION
WITH THE RECEIPTS COMING FROM THE SALE OF THE ENERGY."
THE INCLUSION OF A HIGH-RANKING MEMBER OF THE MIXED
MILITARY COMMISSION (JACINTO VELOSO) ON THE FRELIMO DELEGATION
INDICATES THAT QUESTION OF TURNING OVER PROPERTIES OF THE
PORTUGUESE MILITARY TO THE MOZAMBIQUE GOVERNMENT IS ALSO
BEING DISCUSSED. PRIMIN CHISSANO'S RECEIVING THE PORTUGUESE
DELEGATION WAS GIVEN WIDE PUBLICITY. BY CONTRAST, THE VISITING
SOVIET DELEGATION HAS YET TO BE RECEIVED BY CHISSANO AND THE
ROMANIAN DELEGATION WHICH IN DECEMBER WAS SCHEDULED TO VISIT
MOZAMBIQUE "IN THE FIRST QUARTER OF 1975" HAS NOT EVEN
ARRIVED.
WALKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, FINANCE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LOUREN00389
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750128-0491
From: LOURENCO MARQUES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750460/aaaacdlf.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by BoyleJA>; APPROVED <06 NOV 2003 by WorrelSW>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEGOTIATIONS BETWEEN PORTUGAL AND FRELIMO - CRUCIAL STATE
TAGS: EFIN, ECON, PO, FRELIMO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006